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UNCLAS SECTION 01 OF 02 PRETORIA 001932

SIPDIS

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USDOC FOR 4510/ITA/MAC/AME/OA/DIEMOND  
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SUBJECT: SOUTH AFRICA: FUEL PRICES AT NEW HIGHS

REF: PRETORIA 2998

Summary

1. (U) On May 4, 2005, the Department of Minerals and Energy again raised the price of gasoline, diesel, and kerosene. South Africa gasoline prices continued their upward spiral above the R5 per liter mark. This follows the substantial increases imposed in March (8-12%) and April (8-16%). This time around, the weakening of the rand against the dollar contributed substantially to the overall price increase. Despite the record price, government has no plans to tap into its Fuel Equalization Fund to smooth retail gasoline price increases. The impact of higher fuel prices is beginning to show in the economy, through an increase in the Producer Price Index and a surcharge levied on airline tickets. End Summary.

Government Announces Further Fuel Price Increases

2. (U) On May 4, the Department of Minerals and Energy (DME) further increased the retail price for gasoline by 4% and wholesale prices for diesel and kerosene by 2.1% and 7.2%, respectively. Over the last three months prices have increased on these products by 29%, 26%, and 40%, respectively. The table below shows the increase in the average price of fuel in Johannesburg. Because of the weakening of the rand, dollar increases are less than rand increases.

Johannesburg Prices U.S. Dollars/Gallon

	April	May	%Change
Gasoline - (retail)	3.14	3.20	1.9%
Diesel - 0.3% Sulfur (wholesale)	2.97	2.96	